

Message Text

UNCLASSIFIED

PAGE 01 SEOUL 09765 101013Z

53

ACTION EA-09

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-15 AID-05 EB-07 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02

CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06

LAB-04 SIL-01 /108 W

----- 074223

R 100830Z DEC 76

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 969

INFO AMEMBASSY TOKYO

AMEMBASSY TAIPEI

AMCONSUL HONG KONG

US MISSION GENEVA 389

US DEL MTN GENEVA

UNCLAS SEOUL 9765

E.O. 11652: N/A

TAGS: ETRD, EFIN, MTN, GATT, KS

SUBJECT: KOREAN ECONOMY: EXPORT DEMAND DIPS IN NOVEMBER

REF: SEOUL 9011

SUMMARY: KOREA'S EXPORT-LED BOOM MAY BE IN FOR A MODEST LULL AS EXPORT TOTALS DIP IN NOVEMBER, ADDING TO OTHER RECENT SIGNS OF SOME LEVELING IN ECONOMIC ACTIVITY. END SUMMAY

1. NOVEMBER DATA CONTAINED FURTHER INDICATIONS THAT A MODEST LULL MAY BE DEVELOPING IN KOREA'S EXPORT-LED BOOM, QUITE PROBABLY REFLECTING THE CONTINUED PAUSE IN ECONOMIC RECOVERY IN THE INDUSTRIALIZED WORLD. EXPORT LETTER-OF-CREDIT ARRIVALS SLIPPED TO \$635 MILLION WHILE KFX EXPORT SHIPMENTS SLOWED TO \$621 MILLION, THE LOWEST MONTHLY KFX EXPORT TOTAL SINCE APRIL. THE SIGNIFICANCE OF BOTH THOSE FIGURES MUST BE DISCOUNTED O SOME DEGREE, HOWEVER, SINCE KOREAN EXPORT TOTALS TYPICALLY DIP IN NOVEMBER FOLLOWING THE OCTOBER 31 CLOSING OF THE OFFICIAL EXPORT YEAR WHICH SERVES AS A BASIS FOR DETERMINING THE WINNERS OF THE COVETED EXPORT AWARDS. REVISED OCTOBER DATE, MOREOVER, SHOWING EXPORT L/C ARRIVALS OF \$702 MILLION AND KFX EXPORTS OF \$761 MILLION, INDICATE THAT EXPORT ACTIVITY IN OCTOBER WAS APPRECIABLY

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SEOUL 09765 101013Z

STRONGER THAN THE PRELIMINARY FIGURES HAD INDICATED.

2. IMPORT DEMAND, IN CONTRAST, CONTINUED TO TREND UPWARDS AS NOVEMBER KFX IMPORT LICENSING ROSE SHARPLY TO \$741 MILLION. KFX IMPORT ARRIVALS, WHICH EXCLUDE FOREIGN LOAN AND INVESTMENT-FINANCED IMPORTS AND A FEW OTHER MISCELLANEOUS CATEGORIES, TOPPED THE \$600 MILLION MARK FOR THE FIRST TIME THIS YEAR, REACHING \$614 MILLION FOR THE 30-DAY PERIOD. GROSS FOREIGN EXCHANGE RESERVES AS OF NOVEMBER 30 ARE \$2,605 MILLION, UP JUST \$18 MILLION OVER THE END-OCTOBER FIGURE.

3. IN OTHER SIGNS OF SOME LEVELING IN ECONOMIC ACTIVITY, THE SEASONALLY ADJUSTED INDUSTRIAL PRODUCTION INDEX FOR OCTOBER WAS VIRTUALLY UNCHANGED FROM SEPTEMBER, INCHING UP JUST 0.5 PERCENT, WHILE THE OVERALL WARNING INDICATOR (A COMPOSITE OF KEY ECONOMIC INDICATORS) SLIPPED SLIGHTLY FROM 1.8 TO 1.7 FOR THE SAME PERIOD.

4. HEAVY OUTLAYS FOR GOVERNMENT RICE PURCHASES WERE LARGELY RESPONSIBLE FOR A DECLINE OF THE OVERALL FISCAL SURPLUS BY 113 BILLION WON TO A TOTAL OF 216 BILLION WON IN NOVEMBER. HOWEVER, REDUCED PRESSURE FROM THE EXTERNAL SECTOR AND TIGHT RESTRAINT ON DOMESTIC CREDIT TO THE PRIVATE SECTOR HELPED TO HOLD MONETARY EXPANSION (M-1) TO A SEASONALLY MODEST 2.2 PERCENT FOR THE MONTH. UNADJUSTED GROWTH OF MONEY SUPPLY FOR THE FIRST ELEVEN MONTHS IS NOW 21 PERCENT.

5. PARTIALLY REFLECTING AN AVERAGE 15 PERCENT HIKE IN ELECTRICITY RATES EFFECTIVE NOVEMBER 1, WHOLESALE PRICES JUMPED 1.5 PERCENT IN NOVEMBER. PRICE PERFORMANCE FOR THE YEAR AS A WHOLE REMAINS GOOD, HOWEVER, WITH RESPECTIVE INCREASES FOR THE WHOLESALE AND CONSUMER PRICE INDICES THROUGH ELEVEN MONTHS NOW AT 8 PERCENT AND 10 PERCENT AS COMPARED TO FULL YEAR TARGETS OF 10 PERCENT AND 12 PERCENT.

6. COMMENT: KOREAN SOURCES WITHIN BOTH THE GOVERNMENT AND THE BUSINESS COMMUNITY TEND TO DISMISS THE RECENT LEVELING OF EXPORT LETTER-OF-CREDIT ARRIVALS AS A SEASONAL PHENOMENON. MANY OBSERVERS ALSO POINT OUT THAT THE YEAR-END PRESSURE ON EXPORTERS FROM THE MINISTRY OF COMMERCE AND INDUSTRY TO PUSH OVER THE TOP ON AN EXPORT TARGET IS LARGELY ABSENT THIS YEAR. WE HAVE HEARD

UNCLASSIFIED

PAGE 03 SEOUL 09765 101013Z

SOME ISOLATED COMMENTS THAT EXPORT DEMAND HAS DEFINITELY WEAKENED IN RECENT WEEKS FOR ELECTRONICS AND IRON AND STEEL PRODUCTS, BUT CONFIDENCE REMAINS WIDESPREAD THAT THE OVERALL PACE OF EXPORT L/C'S WILL QUICKEN AGAIN BEFORE LONG.
SNEIDER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC GROWTH, GNP, INDUSTRIAL PRODUCTION, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 10 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976SEOUL09765
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760456-0744
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761254/aaaabubx.tel
Line Count: 112
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 SEOUL 9011
Review Action: RELEASED, APPROVED
Review Authority: wolfsd
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUN 2004 by hattaycs>; APPROVED <03 AUG 2004 by wolfsd>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KOREAN ECONOMY: EXPORT DEMAND DIPS IN NOVEMBER
TAGS: ETRD, EFIN, KS, GATT, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006